

NASS

Monthly Ag. Newsletter

NASS-NF4

"The Factfinders for U.S. Agriculture"

NOVEMBER 1997

The NASS monthly newsletter is published by the U. S. Department of Agriculture, National Agricultural Statistics Service (NASS), 1400 Independence Avenue, S.W., Washington, D.C. 20250.

For your convenience, all NASS reports are available free of charge on the Internet: <http://www.usda.gov/nass/> or via autofax by dialing 202-720-2000 from your fax machine.

For further information on these topics e:mail your inquiry to nass@nass.usda.gov, or call 800-727-9540.

The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Corn.** The November forecast for 1997 corn production is 9.36 billion bushels, less than 1 percent above last month and 1996. A market year average price between \$2.45 and \$2.85 a bushel is expected compared with \$2.70 for the 1996 crop. World production is expected to be 4% below last year. Global 1997/98 ending stocks are expected to be 23% below the previous year. The U.S. corn acreage as of November 15 was 91% harvested, ahead of 87% harvested at this time last year and the 5-year average of 85%. Prospective corn exports are down 100 million bushels from last month due to increased competition and smaller global imports.

♦**Soybeans.** The 1997 soybean crop is forecasted at a record 2.74 billion bushels, up 15% from 1996. The market year average price is projected between \$5.90 and \$6.90 per bushel compared with \$7.38 for the 1996 crop. World 1997/98 oilseed production is projected at a record 279.8 million metric tons, 21 million tons above last year. The U.S. soybean harvest was 93% complete as of November 15 compared with 92% last year and the 5-year average of 93%.

♦**Cotton.** U.S. 1997 all cotton production is forecasted at 18.8 million bales, up 2% from October, but down less than 1% from 1996. This is the fourth largest crop on record. The U.S. cotton crop as of November 15 was 78% harvested, 1 point ahead of last year and the 5-year average. Harvest was in the final stages in California, Louisiana, and Mississippi. Weather problems in Texas caused numerous harvest delays and may affect quality.

♦**Wheat.** Planting of the U.S. 1998 winter wheat crop was 96% complete by November 15, equal to a year ago. Projected 1997/98 global production is up from last month, as larger crops in Russia, Australia, and Ethiopia more than offset reductions for Kazakstan, Eastern Europe, and South Africa.

♦**Rice.** U.S. rice production is forecasted at 180 million cwt, up 5% from 1996 and the third highest production on record. The market year average price is expected to average between \$9.25 and \$10.25 per cwt compared to \$9.90 per cwt for the 1996/97 crop. Projected 1997/98 global rice production, exports, and ending stocks are up from last month, while consumption is slightly lower.

♦**Other Crops (U.S.). Grain Sorghum** was forecast at 659 million bushels, down 18% from 1996. The **peanut crop** is expected to be down 4% from last year, **tobacco** up 8%, **sugarbeets** up 12%, and **sugarcane** up 1%.

♦**Cattle.** November 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 11.0 million head, up 9% from a year earlier. This is the smallest year-to-year increase since May. Placements were down 4 percent from the previous year, while marketings of fed cattle were 5 percent higher. These numbers indicate that on-feed inventories should continue to decline and may fall below year-earlier levels by early 1998. On a weekly basis, slaughter numbers are at or below year-earlier levels, with average liveweights almost 20 pounds higher. At mid-November, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) were \$67-68 per cwt., up slightly from mid-October. Fed cattle prices should improve as feedlot supplies are reduced, and could average in the low \$70's per cwt over the first half of 1998. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were near \$78 per cwt. at mid-November, unchanged from mid-October, but up from prices seen earlier in the month.

◆**Hogs.** Hog slaughter during October was up 2% from the previous year and on a weekly basis, November slaughter numbers for the first 2 weeks have been 7% higher. Part of this increase can be attributed to strikes in Canadian packing plants, which have pushed hogs across the border into U.S. plants. When this is taken into account, numbers are in line with projections based on the September Hogs and Pigs report. Slaughter weights have also been up 1-2 pounds from a year ago, further increasing the supply of pork. Prices at mid-November (Iowa-Southern Minnesota direct, 230-250 pounds) averaged \$45-46 per cwt., mostly even with prices at mid-October. Increasing supplies and heavy competition from beef and poultry will likely keep prices in the mid \$40's per cwt. for most of 1998. However, some analysts have suggested that prices could fall into the \$30's if pork supplies continue to expand.

◆**Other Livestock.** October **milk production** was up 1.8% from the previous year. This was the smallest year-to-year production increase since April. Once again, lower cow numbers were more than offset by increases in production per cow. The October **Basic Formula Price (BFP)** was \$12.83 per cwt, up 4 cents from September. **Cheddar cheese prices** (40-pound blocks, wholesale) have averaged near \$1.38 per pound for nine weeks but have recently started to move up. This suggests that the November BFP will likely change little or be up slightly from the October price. During September, total **cheese** production was up 3% from the previous year, **butter** production was down 2%, and **nonfat dry milk production** was up 40%. **Sheep and lambs** estimates for November 1 are: breeding sheep down 8% and market lambs down 4%. The number of **layers** in U.S. flocks on hand Nov. 1 was 2% above a year earlier with table egg layers up 1%, broiler-type hatching up 9%, and egg-type hatching down 3%. U.S. **egg production** for 1997 is expected to be up about 1%. Market **egg prices** for 1997 are still expected to strengthen in the 4th quarter, but average 8 cents below a year ago. For the week ending November 15, cumulative **broiler placements** for 1997 in the 15 selected states were 3% above a year earlier and **broiler production** is expected to be up about 4% for the year. **Broiler prices** (12 City) for the 3rd quarter averaged 62 cents per pound and are expected to average 57 cents in the 4th quarter. **Turkey** production in 1997 is still expected to be near last year's level and prices (8-16 lb hens, Eastern Region) strengthening in the 4th quarter to 71-73 cents per pound compared with 68 cents for the 3rd quarter. **Supplies in refrigerated warehouses** the end of October compared with a year earlier were: chicken down 1%, turkeys up 12%, pork up 8%, beef up 19%, cheese down 1%, and frozen orange juice up 54%.

◆**Trade.** The value of **U.S. Ag. Exports** for fiscal 1998 is projected to total \$58.5 billion, up \$4% from the 1997 forecast. November projections for the volumes of **exports** for the 1997 marketing years are: **wheat** up 7%, **corn** up 7%, **soybeans** up 11%, **rice** up 11%, and **cotton** up 2%. November projections for the volumes of meat exports in calendar 1997, are: **beef** up 5%, **pork** up 12%, **broilers** up 5%, **turkeys** up 29%, and total **red meat and poultry** up 9%. All meat classes are expected to make **further export gains** in 1998.

◆**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.2% in October and rose 2.1% over the last 12 months. The **PPI** increased 0.1% in October, and followed a rise of 0.5% in September. For the 12-month period ending in October, the PPI decreased 0.2%. The October **prime rate**, at 8.5%, was unchanged since April and compares with 8.25% a year earlier. Compared to a year earlier, **feed** prices in October were up 1%, **feeder livestock and poultry** prices up 19%, **fertilizer** down 3%, **ag chemicals** was unchanged, **farm machinery** up 1%, **seeds** up 3%, and **fuels** down 10%. The U.S. average **hourly wage rate** paid by farmers to field and livestock workers was \$6.64 in 1997, up 5% from 1996.

◆**World Weather** (November 18). Warming, dry weather aided late-season harvests in the Ukraine and southern Russia. Showers and mild weather slowed late-season harvest in northern and western Europe but favored winter grains. Beneficial rain covered most major crop areas in Australia. Widespread rain benefited the eastern half of the corn belt in South Africa. In Brazil, drier weather favored soybean planting. In the U.S. well-below-normal temperatures, combined with rainfall in the Southeast and snow in the High Plains, Corn Belt, and New England, hampered harvest efforts.

◆**Other News** Increases in global incomes and a more liberalized trading environment have contributed to substantial **growth in international beef trade** over the past 15 years (ERS). Total beef exports for major exporters have increased 45% since 1980. U.S. beef exports have increased from less than 200 million pounds to nearly 2 billion pounds over the same period. The 5.8% **rise in farm real estate values** last year marked the 10th consecutive year that values have risen since the national average bottomed out in 1987. The U.S. **trade deficit** for all goods and services rose 17% in September to \$11.1 billion. September agricultural trade recorded a surplus of \$1.53 billion. Delaying tuition payments for the second school semester until after January 1, 1998 could **reduce income taxes** for 1998.
